

MINUTES
SENATE TRANSPORTATION COMMITTEE

DATE: Thursday, March 16, 2017

TIME: 1:15 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Brackett, Vice Chairman Nonini, Senators Keough, Winder, Hagedorn, Ackerman(Den Hartog), Lodge, Harris, and Buckner-Webb

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the Committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Brackett** convened the meeting of the Senate Transportation Committee (Committee) at 1:18 p.m. He welcomed Senator Steve Ackerman who was sitting in for Senator Den Hartog for the rest of the week.

HEARING PROCESS EXPLANATION: **Chairman Brackett** explained that he was going to present both **S 1162** and **S 1188**. He said that **S 1162** was introduced two weeks ago as a stand-alone Grant Anticipated Revenue Vehicle (GARVEE) federal bonding mechanism that allows states to fund highway projects. In the recent past, Idaho had worked with GARVEE bonds to move designated highway projects forward.

S 1188 replaces **S 1184** that replaced **S 1163**. **Chairman Brackett** said that following **S 1163**'s introduction, the Speaker of the House of Representatives (Speaker) contacted Chairman Brackett to inform him that there were several items he would like to be included in the legislation. **S 1163** was fine tuned and became **S 1184**. **S 1188** is a result of multiple corrections to language that was caught late and was incorporated that morning, too many for technical corrections. The intent and sections from **S 1184** remain intact.

Chairman Brackett continued that several weeks prior he had been approached about developing a transportation funding bill; the House wanted it to begin in the Senate. He met with stakeholders and interested legislators, and over time agreed on possible components for legislation. The House wanted the surplus eliminator that will sunset if not included; the no sales tax on building materials was Senator Rice's legislation from a previous legislative session; the Idaho State Police (ISP) had concerns and needed a designated revenue stream; and the idea of general bonding for transportation projects originated in the House. The consensus was that something had to be done for transportation funding. After many drafts and rewrites, **S 1188** was the resulting legislation.

There are questions about **S 1188** such as raising revenue usually begins in the House. The golden thread, however, that connects all these concerns is funding transportation projects. There is also a severability clause which means if parts of the bill are removed, the remainder can go forward. **Chairman Brackett** says that those wishing to testify will be able to following his presentation and questions from the Committee.

PASSED THE GAVEL: Chairman Brackett passed the gavel to Vice Chairman Nonini.

S 1162

Approves GARVEE bonding authority by the Idaho Housing and Finance Association (IHFA) in an amount sufficient to finance the original GARVEE corridors highway projects up to \$300 million. Selection of projects and allocation of GARVEE bond proceeds shall be the sole responsibility and duty of the Idaho Transportation Board. Chairman Brackett believed the Committee was familiar with the intent of **S 1162** because it was the stand-alone GARVEE legislation. It makes the Idaho Transportation Board (ITB) solely responsible in prioritizing which of the remaining original corridor projects should be chosen for allocating GARVEE bonding proceeds. The project removed was known as Indian Valley.

S 1188

Approves \$300 million GARVEE bonding for new construction of highway projects from the original GARVEE corridors list. Approves bonding authority for Idaho Housing and Finance Association (IHFA) to issue general bonds up to \$200 million for roads and bridges. It also includes extending the surplus eliminator and provides for a local option tax for highway projects. Chairman Brackett turned his focus to **S 1188**.

Chairman Brackett said the GARVEE portion caps at \$300 million for new construction of the highway transportation projects listed on page 3; the ITB will be responsible for prioritizing the projects and the process, which is similar to Idaho's previous use of GARVEE funding. IHFA has reviewed and approved the bonding authority language.

The bill also approves \$200 million in general bonding authority to finance projects ITD may select to improve safety, opportunities, reduce congestion, and/or build capacity. Of this, 60% would be for State projects and 40% would be for local entities' projects. The funds available to each can be used to finance debt service on the bonds or for new road or bridge construction projects.

Other components of **S 1188** include: 1.) exempts sales tax on materials used for roadway construction and maintenance; 2.) eliminates the 5 percent transfer from the Highway Distribution Account (HDA) to the Law Enforcement Account (LEA), but beginning in fiscal year 2018, 1.185 percent or \$17 million of sales taxes would be distributed to the LEA; 3.) the sunset on cigarette tax distribution would be lifted from GARVEE to the new Capacity, Safety, and Congestion Mitigation Program Fund (CSCM Fund); 4.) the \$5 million for water recharge projects would continue; 5.) creates, based on approval of a majority of local voters, a local option sales tax of up to 1 percent to levy for specific transportation projects which would sunset when the project is completed; and 6.) directs the Joint Legislative Oversight Committee (JLOC) to have the Office of Performance Evaluation (OPE) conduct an independent evaluation of the Local Highway Technical Assistance Council (LHTAC).

Chairman Brackett said that moving ISP off the HDA formula would not decrease their funding, and according to the Legislative Services Office (LSO), it would only result in a time lag. The amount to ISP is expected to grow with the economy in the future beyond the initial amount of \$17 million. **Chairman Brackett** concluded by going through the bill section by section, ending with a reminder there was both an emergency and a severability clause in the bill.

Senator Keough referred to page 7, lines 21 to 24, and asked how many counties were over 175,000 in population. **Chairman Brackett** said currently there are two; this is targeted in order to address capacity, safety, congestion, and mitigation.

Senator Harris asked if that since this bill raises money through bonding if it should have been started in the House of Representatives. **Chairman Brackett** said the House asked that the Senate begin legislation with the common, golden thread being transportation. **Senator Winder** added that bonding authority is not considered a revenue measure.

Senator Harris observed this legislation added two new statutes to the existing 14 statutes dealing with sales tax; what effect do those two have on the 14 existing statutes? **Chairman Brackett** responded it would not affect existing obligations, or they are held harmless. Even in the worst of times, sales tax receipts amount to millions.

TESTIMONY:

Kelli Brassfield, Idaho Association of Counties, said her organization has not taken a position on **S 1188** because it was just published before this hearing, but it does support **S 1184**. Given the hard winter that played havoc with Idaho's roadways, this would help alleviate some of the stress their members have with road maintenance.

Grant Petersen, Jr. with Bronco Motors and the Idaho Center Auto Mall in Nampa strongly supports the legislation. The Idaho Center Auto Mall is the largest in the Pacific Northwest. Their employees live in Ada County and commute to Canyon County and vice versa. This past winter severely damaged the roadways with pot holes and other problems, making commute times longer and safety a bigger consideration. Idaho has to invest in its infrastructure and improve the quality of life for its citizens.

Senator Keough asked if Mr. Petersen would have the same level of support for an increase in the gasoline tax. **Mr. Petersen** responded that was not part of **S 1188** and, therefore, he had no opinion on that possibility at this time.

Dave Carlson, Director of Public Affairs of AAA Idaho, explained his history with transportation funding, including with the Governor's Task Force. AAA is focused on three issues: mobility, safety, and protecting consumers' rights and responsibilities. AAA Idaho represents 130,000 members in Idaho. Some of the policies in **S 1184** mirrors AAA's national policy declarations. This bill is more about financing. It confuses that portion with the other policy changes in the bill. AAA would like to see those parts taken up separately so that Idahoans have an opportunity to participate in the discussion. **Mr. Carlson** said he made these views known to the leadership in the House. AAA Idaho has no position on this bill.

**CLOSING
REMARKS:**

Chairman Brackett said there were enough omissions, like changing language in the local option sales tax section from "made" to "shall", or referencing a "plan" to now a "transportation plan", etc., which made him thank LSO and JFAC staff for their tireless efforts.

He pointed out that the surplus eliminator is not a stable source of revenue because it varies from year to year. Local cities and counties have unfunded projects that can put this funding to good use. Using general funds for transportation is unusual; the surplus eliminator strikes a balance in funding. Not to confuse the issue, the \$54 million allocated earlier this year to help with the winter road damage is under FEMA guidelines and not part of this bill.

Chairman Brackett concluded that the fuel tax should have been raised when the legislature had that opportunity, but there was no appetite for it at that time or now. Finally, the ITB has the option to blend funds for maintenance and rebuilding.

**PASSED THE
GAVEL:**

Vice Chairman Nonini returned the gavel to Chairman Brackett.

MOTION: After thanking Chairman Brackett and those involved with writing the legislation, **Senator Winder** moved that **S 1188** be sent to the floor with a **do pass** recommendation. **Senator Hagedorn** seconded the motion.

Senator Buckner-Webb said that funding our roads was absolutely critical and that she was particularly worried about road maintenance. She called for a roll call vote.

Senator Lodge voiced her opinion and concerns with aspects of each bill being considered. She plans on supporting the legislation to get it moving out of Committee.

Senator Hagedorn expressed his frustration with transportation spending in the State saying billions have been spent on transportation and there is still not enough to deal with the current infrastructure as the State grows. With technology improving, Idaho can no longer depend on fuel tax to fund transportation; the revenue stream is going away. **S 1188** has something for everyone to hate. What is not in this bill is revenue to invest in our roads currently. Other States take funds from general funds. Idaho has a billion dollar infrastructure and if something isn't done now, two years from now the issue will have to be addressed again.

Senator Winder lamented that if something isn't done now, the session would have difficulty adjourning in the timeframe expected.

Chairman Brackett commented that Idahoans are demanding something be done about the roads.

ROLL CALL VOTE: **Chairman Brackett, Senator Winder, Senator Hagedorn, and Senator Lodge** voted aye. **Vice Chairman Nonini, Senator Keough, Senator Ackerman, Senator Harris, and Senator Buckner-Webb** voted nay. The motion failed.

MOTION: **Senator Hagedorn** moved that **S 1162** be sent to the floor with a **do pass** recommendation. **Senator Lodge** seconded the motion.

SUBSTITUTE MOTION: **Vice Chairman Nonini** moved to send **S 1162** to the 14th Order for amendment. The motion died for lack of a second.

ROLL CALL VOTE: **Chairman Brackett, Senator Winder, Senator Hagedorn, Senator Lodge, and Senator Buckner-Webb** voted aye. **Vice Chairman Nonini, Senator Keough, Senator Ackerman, and Senator Harris** voted nay. The motion passed.

ADJOURNED: With no further business before the Committee, **Chairman Brackett** adjourned the meeting at 2:51 p.m.

Senator Brackett
Chair

Gaye Bennett
Secretary